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Venezuela

Agricultural Situation

Income Tax Exemption for the Agricultural Sector has more requirements 2002

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Report Highlights:

The Venezuelan Ministry of Agriculture and Lands published a Decree in the Venezuelan Official Gazette on October 8, 2002 announcing the exemption of the agricultural sector from Income Tax. The list of required documents has been expanded and there is concern that the Government of Venezuela is trying to establish greater property and investment controls on the private sector.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Caracas [VE1], VE

Income Tax Exemption for the Agricultural Sector

The Venezuelan Ministry of Agriculture and Lands published a Decree in the Venezuelan Official Gazette on October 8, 2002 announcing the exemption of the agricultural sector from Income Tax. However, it is important to note that the primary agricultural activities in Venezuela have always been exempt from Income tax.

The objective of the Decree is to regulate the Income Tax exemption. In order to be exempted the taxpayer will need to submit the requested list of documents to the Ministry of Finance and to the Ministry of Agriculture and Lands.

The list of required documents has been expanded and there is concern that the Government of Venezuela is trying to establish greater property and investment controls on the private sector.

A full unofficial translation is provided in the following text:

Bolivarian Republic of Venezuela
Ministry of Agriculture and Lands
Minister's Cabinet D/M No. 091
Caracas, August 27, 2002

Years 142 and 143

Resolution

According to what is established in Article 10 of the Decree No. 838, from May 31, 2000 and published in the Official Gazette No. 36,995 on July 18, 2000,

Taking into consideration that in the referred Decree, the Income Tax exemption of the net profits of the agricultural primary sector is regulated,

The mentioned Decree also establishes that several conditions must be met in order to be exempted from paying the income tax,

Since this Ministry is entitled to dictate a resolution that examines the formalities for presenting the sworn Declaration, this cabinet decides to dictate the following resolution:

- Article 1°. In order to be exempted from the Income Tax, every natural or legal person that performs agricultural, forestry, cattle, avian, fishery or aquacultural activities in the primary contour should need to present a Sworn Declaration of the amounts of investment, through the Ministry of Agriculture and Lands' State Unit where the taxpayers' activity is located.
- Article 2°. The Sworn Declaration will be done in a determinate form, and the following requirements must be attached :
1. If the taxpayer is a natural person:
 - a. Copy of the official identity document (I.D.)
 - b. Original and copy of the Unique Register Number, referred in the Finance Ministry Resolution No. 705, article nine from February 14, 2001.
 - c. Original and copy of the Fiscal Information Register (RIF)
 - d. Original documents of the cash invoice or the sale contract, which shows the investment made, the amount and date of it.
 - e. Original and copy of the last Income Tax statement.
 - f. A photographic report of the good that is the object of investment and indication regarding its physical location.
 - g. Original and copy of the agricultural producer record.
 - h. Original and copy of the Farm Certificate, issued by the National Institute of Lands.
 2. In the case the taxpayer is a legal person:
 - a. Copy of the company shareholders and legal representative's official identity documents.
 - b. Original and copy of the Constitutive Act of the company, legal statutes and the last Shareholders' Assembly Act, in which the Board of Directors is named.

- c. Original and copy of the Unique Register Number, referred in the Finance Ministry Resolution No. 705, article nine from February 14, 2001.
- d. Original and copy of the Fiscal Information Register (RIF).
- e. Original documents of the cash invoice or the sale contract, which shows the investment made, amount and date of it.
- f. A photographic report of the good that is the object of investment and indication regarding its physical location.
- g. Original and copy of the last Income Tax statement.
- h. Original and copy of the agricultural producer record.
- i. Original and copy of the Farm Certificate, issued by the National Institute of Lands.

The copied documents to be attached should be submitted with the corresponding original ones.

- Article 3°. The State Units of the Ministry of Agriculture and Lands will need to assemble a numerated file of all applications. This file will be opened with a sworn declaration and with an act made and signed by the officer receiving it, where the Witness will leave notice of the documents' deposited in trust. The proceedings will need to keep a chronological order.
- Article 4°. In case the taxpayer does not submit all the documents requested in the present Resolution, and within the term foreseen in Decree 838, the sworn Declaration will not be processed.
- Article 5°. The State Units of the Ministry of Agriculture and Lands will send the documents to the Legal Division of the Ministry for pertinent proceedings regarding the notification to the Tributary Administration.
- Article 6°. The farm certificate issued by the National Institute of Lands will be required from January 1, 2003 on.
- Article 7°. The present Resolution will be in force after its publication in the Official Gazette of the Bolivarian Republic of Venezuela.

Efrén Andrades
Minister of Agriculture and Lands